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Comments:

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Comments:
1. Despite the financial meltdown being caused due to bad loan programs offered by the 2ndary markets in Wall Street and bad lending practices by Fannie, Freddie and the banks, there seems a new scapegoat in town. The loan broker. 2. The meltdown was a result of an attempt to perpetuate an economic bubble that was deflating at a rapid pace due to the correction in the post 2000 stock market and a political attempt to increase homeownership rates at any cost. The response was looser standards for underwriting. I beleive there were even some e-mails from a major option arm lender centralized appraisal companies asking them to go easy on the valuations. 3. year 1988, for the first time fannie offered no income verification loans and a large number of S&L's offerred the no income verification loans. We ahd a crisis. Fast-forward almost 20 years later and we have the same ingredients. Where does broker fit into this. But the banks have the Feds convinced broker is to blame!! 4. Response more regulation for the brokers and the banks walk away scot free. Brokers have to make a disclosure " you could get it cheaper somewhere else" but no such disclosure from the lender. I am wondering what product in the world cannot be bought cheaper somewhere else!? Shouldn't the bank have to disclose something like "due to our high overheads and outrageously compensated staff you can refinance your loans cheaper through other sources."!!! 5. I think so. That would still bring us to the importance of providing accurate information to the consumer and providing them a way to obtain for most value. By value, I mean a sum total of ease of application, advise in selecting loans, explaining the pros and cons of various options and the cost of getting the service and loan. 6.The Reg Z -TIL though designed to serve the consumers actually presents a very misleading picture of the best options for consumers. In calculating the APR it does not differentiate between a $ spent in 2009 versis a $ spent in 2029. This creates an incentive for the banks to promote loans that may cost more at the front end but still result in a lower APR. 7. It also

does not take into account the fact that although the stated term of a loan may be 30 years, the apr would actually vary depending on how long a person actually keeps their loan. 8. BESIDES THE APR FOR THE MAXIMUM TERM OF THE LOAN WE SHOULD PROVIDE THE APR FOR INTERMEDIATE TERMS SUCH AS 1YR, 3YRS, 5YRS ETC. 9. FOR LOANS THAT ARE DONE WITHOUT FEES BY A BANK, BANK SHOULD DISCLOSE THEIR AVERAGE COST PER LOAN ORIGINATION SO BORROWER CAN COMPARE THAT WITH WHAT THEY
PAY A BROKER. 10. A BORROWER ADVISORY SHOULD CLEARLY STATE THAT ULTIMATELY IT IS HOW MUCH THEY SPEND ON A LOAN THAT IS CRITICAL. IF BANK A OFFERS 5% AT A COST OF $2000 AND BROKER B OFFERS 5% AT A COST OF $500 BORROWER IS STILL AHEAD. IF AN EFFICIENT BROKER CAN SOURCE OUT LOANS MORE COMPETIVIELY THEN IT SHOULDN'T MATTER. 11. The growth in broker business has indeed helped keep the banks in check. All lending that does not have brokers involved results in higher overalll cost to the consumer.